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06 NOV 1978

DCI/IC-78-3984

MEMORANDUM FOR: Director of Central Intelligence  
FROM: [REDACTED]  
Deputy to the DCI for Resource Management  
SUBJECT: Issue Paper--NFIP Manpower Adjustments

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1. Action Requested: DCI decision.

2. Background: Attached for your consideration is an issue paper dealing with NFIP Manpower Adjustments. OMB wishes to offer the President several alternatives concerning how the NFIP civilian manpower will be reduced in line with the Presidential directed two percent reduction. We are working with OMB to establish an agreed upon NFIP manpower base for FY 1979.

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Attachment:  
as stated

*In my view it's outrageous that OMB hasn't agreed yet on the base. It's part of their game, I guess.*

*This is not really a decision paper for you; it's just to formalize your guidance on our going-in position with OMB and to verify that you are aware of them.*

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NFIP Manpower Adjustments

ISSUE: Whether or not the DCI should appeal the OMB-directed two percent FY 1980 Civilian Manpower reduction in the NFIP and, if not, how to implement it?

BACKGROUND: The Director of OMB in a 3 July letter to the DCI forwarded Presidential policy guidance concerning civilian manpower for preparation of the FY 1980 NFIP budget. This guidance indicated that the President is determined to reduce the budget deficit for FY 1980 significantly below the deficit now expected for FY 1979. As part of this effort. Mr. McIntyre stated:

"...he expects you to use personnel more effectively and has asked that you plan to reduce personnel in the NFIP below the current ceiling for 1979."

Mr. McIntyre then went on to place a ceiling of [ ] on total NFIP manpower budget which equals the FY 1979 request to Congress. Within this total, civilian personnel would not exceed a total of [ ] for FY 1980, which is approximately two percent below the civilian manpower level which was proposed for FY 1979 [ ] in the FY 1979 Congressional Justification Books.

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In addition, OMB has written an issue paper (attached) concerning NFIP manpower which poses several further alternatives:

Alternative 1: Reduce the NFIP two percent per year starting from the FY 1978 on-board strength, as of 30 September 1978, and continue this reduction each year through FY 1984.

Alternative 2: Reduce the NFIP two percent from the FY 1979 budget request and then one percent per year from there on through FY 1984.

Alternative 3: Reduce the NFIP two percent from the FY 1979 budget request and then maintain this level through FY 1984.

The issue, therefore, is two-fold:

- o Should the civilian manpower be appealed?
- o If not, or if denied, how should the reduction be accomplished?

ANALYSIS

We have sent the OMB paper to the Program Managers for comment and have received from CIA/Comptroller and Director, NSA, that the adoption of Alternative 1 would seriously damage the production of National Foreign Intelligence. This alternative, which would require a two percent reduction

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25X1 in FY 1979 and each following year based on the on-board strength as of 30 September 1978, would have a cumulative effect by FY 1984 of a reduction of approximately [ ] NFIP civilians. In the first year of this reduction, we would have to reduce the current civilian strength by about [ ] spaces. If normal attrition did not accomplish this reduction, then in some of the smaller NFIP components, they might have to start layoffs. 25X1

The adoption of Alternative 2 or Alternative 3 would be just as unacceptable. Though we would retain the level of on-board strength, this alternative would negate, to a large extent, the increases that we have just received in FY 1979 from Congress because the base would become FY 1978 figures instead of approved FY 1979. This would halt the planned increase of Russian linguists for NSA, the build-up in the FBI for Foreign Counter-intelligence operations, and the expansion of the IC Staff. However, if the Presidential freeze on unfilled billets for FY 1979 is sustained, this action will, in effect, accomplish the OMB proposed Alternative 3.

We have had further discussion with OMB concerning these new alternatives. OMB wishes to present to the President, at the time of the NFIP budget submission, several alternatives as to how the NFIP civilian personnel levels might be reduced. As an aside, OMB indicates that, as a part of this issue, OMB will deny the additional funds requested by CIA for an increase in FY 1980 funds for part-time temporary personnel. We understand the majority of these funds are for increases in the CT program. We are talking to CIA/Comptroller about this problem.

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CONCLUSIONS AND RECOMMENDATION: We have talked to all the Program Managers staffs and they indicate that, though not acceptable, they will be able to accommodate a two percent program reduction in civilian manpower, as long as this reduction is taken in our FY 1980 budget submission based on FY 1979 request to Congress and not FY 1978 actuals as OMB will probably recommend. Our RMS recommendation (Alternative 4), is to prepare our FY 1980 budget with a two percent reduction from our FY 1979 Congressional authorizations.

DCI DECISION:

- Alternative 1: \_\_\_\_\_ (Reduce the NFIP civilian manpower by two percent per year starting with the end strength for FY 1978.)
- Alternative 2: \_\_\_\_\_ (Reduce the NFIP civilian manpower by two percent in FY 1979 from our Congressionally approved levels for FY 1979, and then one percent per year from FY 1980 through FY 1984.)
- Alternative 3: \_\_\_\_\_ (Reduce the NFIP civilian manpower by two percent in FY 1979 from our Congressionally approved levels for FY 1979 and then hold this level through FY 1984.)
- Alternative 4: \_\_\_\_\_ (Reduce the NFIP civilian manpower by two percent from our FY 1979 Congressionally approved levels in the FY 1980 budget submission.)

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Issue: What level of civilian employment should be provided for these activities:

Background: The President has signed legislation that will require a two percent civilian personnel reduction in 1979. At the present time, OMB is implementing this instruction by reducing all current 1979 civilian ceilings by two percent, but trade-offs between agencies are possible. In addition, the President has instructed all agencies:

- to freeze hiring against existing vacant positions and to reduce hiring against new vacancies by 50 percent. The precise implementing instructions have not yet been determined;
- to exercise restraint in additional employment in the Federal Government; and
- to reduce 1980 employment two percent below 1979 employment.

CIA, CCP and GDIP requests for civilian employment, on the other hand, request a two percent increase in 1979 over 1978 with approximately the 1979 level requested for 1980 through 1984 as shown below:

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981-84</u>	25X1
*Agencies request					

Major increases are proposed for 1979 in NSA linguists and CIA part-time employees.

Although this issue only addresses CIA, CCP, and GDIP civilian personnel, a similar approach would be adopted for other NFIP civilian personnel.

Alternatives:

Alternative #1: Reduce civilian employment by two percent each year between 1979-1984 from the 1978 actual employment.

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	25X1
*Ceiling							
*SM Reduction (Estimate)							

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Alternative #2: Reduce civilian employment by two percent in 1979 from the 1979 request and one percent additional each year between 1980-1984.

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	25X1
*Ceiling							
*SM Reduction (Estimate)							

Alternative #3: Reduce civilian employment by two percent in 1979 from the 1979 request and maintain this level through 1984.

	<u>1979-1984</u>	25X1
*Ceiling		
*SM Reduction		
**Analysis:		

Alternative #1, which provides for a two percent reduction per year, provides for austerity in NFIP manpower levels; it assumes that many manpower intensive operations would be modernized in the coming years through investment in automation and that reasonable stringency would be required in remaining manpower intensive activities. No clear plan has, however, been devised to achieve these reductions in personnel and considerable effort would need to be devoted to developing an NFIP manpower program.

Alternative #2, which provides a two percent 1979 reduction and a one percent 1980-1984 reduction, is clearly consistent with extant Presidential guidance and would require reasonable stringency in manpower levels. The 1980-1984 reduction could be achieved by selected investments in manpower saving equipment that has usually been provided. Major new efforts on a manpower-intensive nature could not be provided.

Alternative #3 simply implements a two percent 1979 reduction and maintains a constant 1980-1984 personnel level. It does not seem to provide the type of austerity that the President has requested nor does it appear to take account of the major on-going and prospective investments in labor-saving investment.

\*These figures are for illustrative purposes. Actual total NFIP civilian levels are being obtained and will be used as the base for applying whichever alternative is finally chosen.

\*\*Other alternatives may be developed.

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SUBJECT: Issue Paper--NFIP Manpower Adjustment

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